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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, November 16, 1998

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980138

Ex Parte: In the matter of
requiring reports and actions
related to independent system
operators, regional power
exchanges and retail access
pilot programs

ORDER REQUIRING FILING OF MEMORANDUM

On March 20, 1998, the State Corporation Commission ("Commission") entered an Order establishing an investigation requiring various parties to perform activities and provide information to assist the Commission in moving forward in the evolving world of electric utility restructuring. Among other things, this Order required Virginia Electric and Power Company ("Virginia Power") and American Electric Power-Virginia ("AEP-VA") each to begin work toward implementing at least one retail access pilot program and study designed to address, at a minimum, the issues and concerns raised on pages 14 through 15 of the Staff's "Draft Working Model for Restructuring the Electric Utility Industry in Virginia," dated November 7, 1997.

The Order mandated that Virginia Power and AEP-VA hold workshops with interested stakeholders to solicit input regarding the proper structure and characteristics of such pilot programs and to file the details, objectives and characteristics of the proposed pilot programs on or before August 1, 1998. The Order noted that any necessary public hearings would be scheduled after said date to consider such proposals.

At the request of Virginia Power and AEP-VA, by Commission Order dated July 16, 1998, the time for filing the details, objectives and characteristics of the proposed pilot programs was extended to November 2, 1998, and Virginia Power and AEP-VA filed reports of their proposed pilot programs ("Reports") accordingly. The Reports discuss, among other things, the pilot programs' objectives, customer participation parameters, pricing structures, geographical scope, consumer and supplier education issues, supplier participation guidelines, metering and billing issues, pilot program cost recovery, and utility tariffs, terms and conditions. Additionally, in its Report, Virginia Power states that General Assembly action "is required" on several issues before Virginia Power's pilot program can proceed. See page 6 of Virginia Power's November 2, 1998 Report.

UPON CONSIDERATION WHEREOF, the Commission is of the opinion and finds that Virginia Power's assertion that its proposed pilot program can not proceed without the passage of

further legislation by the Virginia General Assembly is an issue that should be considered prior to the implementation of the procedural schedules for the Virginia Power and AEP-VA pilot programs, which schedules currently are being prepared. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) On or before November 23, 1998, Virginia Power shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and five (5) copies of a memorandum in which it sets forth any and all justification for its assertion that its proposed pilot program cannot proceed without the passage of further legislation by the Virginia General Assembly. A copy of its memorandum simultaneously shall be served on Staff and all other parties.

(2) On or before December 7, 1998, an original and five (5) copies of any response to Virginia Power's memorandum by any other party and Staff shall be filed with the Clerk of the Commission at the address set forth above, and a copy simultaneously shall be served on counsel to Virginia Power, Pamela Johnson, Esquire, P.O. Box 26666, Richmond, Virginia 23261, on Staff and all other parties.

(3) This matter is continued generally.